

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**INVESTMENT COMMITTEE**

**December 15, 2008**

**9:30 a.m.**

Robert F. Carlson Auditorium  
Lincoln Plaza North  
400 Q Street  
Sacramento, CA

**COMMITTEE MEMBERS**

George Diehr, Chair  
Priya Mathur, Vice Chair  
Marjorie Berte  
John Chiang  
Rob Feckner  
David Gilb  
Henry Jones  
Bill Lockyer  
Louis F. Moret  
Tony Oliveira  
Anne Sheehan  
Kurato Shimada  
Charles Valdes

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| <b>CLOSED SESSION</b> | <b>9:00 a.m.</b><br>Interim Chief Investment Officer's Briefing on Market and Personnel<br>Issues (Government Code sections 11126(a)(1) and 11126(c)(16)) |
| <b>OPEN SESSION</b>   | <b>9:30 a.m.</b>  |
| <b>CLOSED SESSION</b> | <b>Upon Adjournment or Recess of Open Session</b><br>(Government Code sections 11126(c)(16), 11126(e), and 11126(g)(1))                                   |

## **AGENDA**

### **OPEN SESSION**

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|  | 1. Call to Order and Roll Call  |
| Action   | 2. Approval of the November 17, 2008 Open Session Minutes   |
| Information / Wilshire Associates,<br>Pension Consulting Alliance, and<br>PCA-Real Estate Advisors | 3. Total Fund<br>a. CalPERS Total Fund Quarterly Report   |
| Action / Farouki Majeed  | b. Review and Recommendations regarding Asset Allocation  |
| Information / Farouki Majeed   | c. Risk Management Update   |
| Action / Farouki Majeed and<br>Curtis Ishii  | d. Proposed Changes to Currency Overlay Program   |
| Information / Matt Flynn   | e. Annual Consultant Conflict of Interest Protocol Update   |
| Action / Matt Flynn  | f. Master Custody Contract Renewal  |
| Action / Anne Stausboll  | g. Board's Independent General Investment Consultant Contract   |
|  | 4. Asset Allocation<br>a. Revision of Policy on Affiliate Funds   |
| Action / Farouki Majeed  |   |
| Information  | 5. Real Estate  |
| Information  | 6. Alternative Investments Management (AIM)   |
| Information / Farouki Majeed   | 7. Inflation-Linked Asset Class (ILAC)<br>a. Implementation Update  |
| Information / Farouki Majeed   | b. Selection of ILAC Consultants for Spring-Fed Pool  |
|  | 8. Global Fixed Income<br>a. Currency Overlay Managers Annual Review  |
| Information / Curtis Ishii   |   |
| Information  | 9. Global Equity  |
|  | 10. Global Equity – Corporate Governance<br>a. Legislative Reports: Sudan (Cal. Gov. Code sec. 7513.6) and Iran (Cal. Gov. Code secs. 7413.7 and 16642) |
| Action / Eric Baggesen   | b. Corporate Governance Update<br>1) Institutional Investor Response to Market Conditions   |
| Information / Eric Baggesen  |   |

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| Information                  | 11. Supplemental Income Plans (SIP)   |
| Information / Anne Stausboll | 12. Chief Investment Officer's/Chief Operating Investment Officer's Report <ul style="list-style-type: none"> <li>a. Consolidated Investment Activity Report</li> <li>b. Chief Operating Investment Officer's Status Report</li> <li>c. 2009 Annual Agenda Item Calendar</li> </ul> |
| Information                  | 13. Draft Agenda for February 17, 2009  |
|                              | 14. Public Comment  |

Note: Items designated for information are appropriate for Board/Committee action if the Board/Committee wishes to take action. Any agenda item from a properly noticed Subcommittee meeting held immediately prior to this meeting may be reported on or presented to the Investment Committee for its consideration.

### **AGENDA**

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| <b>CLOSED SESSION</b>  | <b>Upon Adjournment or Recess of Open Session</b><br>(Government Code section 11126(c)(16); Government Code section 11126(e) [Item 4a only]; and Government Code section 11126(g)(1) [Item 12 only]) |
|  | 1. Call to Order and Roll Call   |
| Action   | 2. Approval of the November 17, 2008 Closed Session Minutes  |
| Information / Wilshire Associates, Pension Consulting Alliance, and PCA-Real Estate Advisors | 3. Total Fund <ul style="list-style-type: none"> <li>a. CalPERS Total Fund Quarterly Report on Market Issues</li> </ul>  |
| Action / Eric Baggesen<br>Information / Farouki Majeed                                       | <ul style="list-style-type: none"> <li>b. Divestment Issues</li> <li>c. Asset Allocation and Liquidity Update</li> </ul>   |
| Information / Ted Eliopoulos   | 4. Real Estate <ul style="list-style-type: none"> <li>a. Portfolio Sector and Partnership Update</li> </ul>  |
| Information  | 5. Alternative Investments Management (AIM)  |
| Information  | 6. Inflation-Linked Asset Class (ILAC)   |
| Information / Curtis Ishii<br>Information  | 7. Global Fixed Income <ul style="list-style-type: none"> <li>a. Securities Lending Update</li> <li>b. External Manager Update</li> </ul>  |

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| Information / Eric Baggesen<br>Information | 8. Global Equity <ul style="list-style-type: none"> <li>a. Update on Global Equity Restructuring</li> <li>b. External Manager Update</li> </ul>   |
| Information                                | 9. Supplemental Income Plans (SIP) <ul style="list-style-type: none"> <li>a. External Manager Update</li> </ul>   |
| Information / Anne Stausboll               | 10. Chief Investment Officer's/Chief Operating<br>Investment Officer's Report <ul style="list-style-type: none"> <li>a. Status of Action Items Not Yet Reported</li> </ul>  |
| Information / Anne Stausboll               | 11. Activity Reports <ul style="list-style-type: none"> <li>a. Alternative Investments Management</li> <li>b. Real Estate</li> <li>c. Risk Managed Absolute Return Strategies</li> <li>d. Corporate Governance</li> <li>e. Inflation-Linked Assets</li> </ul> |
| Information / Chris O'Brien                | 12. Chief Investment Officer Recruitment  |